

PROPOSED RESOLUTION

Resolution W-5015
DWA

AGENDA ID #13565

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

DIVISION OF WATER AND AUDITS
Water and Sewer Advisory Branch

RESOLUTION W-5015
January 15, 2015

RESOLUTION

(RES. W-5015) TAHOE SWISS VILLAGE WATER UTILITY.
ORDER AUTHORIZING TAHOE SWISS VILLAGE WATER
UTILITY A RATE INCREASE RESULTING IN AN ADDITIONAL
ANNUAL REVENUE OF \$35,285, OR 14.08%, FOR TEST YEAR
2013. ORDER ALSO AUTHORIZES THE ESTABLISHMENT OF
TARIFF SCHEDULE F FOR FACILITIES FEES.

SUMMARY

This Resolution addresses the general rate case filed by Tahoe Swiss Village Utility by Advice Letter 24-W on May 23, 2013 in accordance with General Order 96-B and Decision 92-03-093. By Advice Letter 24-W, Tahoe Swiss Utility requested: 1) an increase in gross water revenues in the amount of \$84,973 or 36.33%, for Test Year 2013 based on a rate of return of 12.24%; 2) authority to add to its rate base \$457,919 for system improvement projects made during 2007 through 2013; and 3) authority to establish Tariff Schedule F for facilities fees for new service connections at a set amount of \$5,000 per service connection.

This Resolution authorizes an increase in gross annual revenues in the amount of \$35,285 or 14.08% for Tahoe Swiss Village Utility for Test Year 2013, which is estimated to provide a rate of return of 11.30%; and approves \$457,919 in utility plant for inclusion into the Tahoe Swiss Village Utility's rate base for the capital improvement projects the company made from 2007 through 2013, subject to audit by the Utility Audit, Finance and Compliance Branch.

This Resolution also grants Tahoe Swiss Village Utility the authority to establish Tariff Schedule F for facilities fees in accordance with Commission Resolution W-4110. The recommended facilities fees are included in Appendix B of this Resolution.

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BACKGROUND

Tahoe Swiss Village Utility (TSVU) is a Class D investor-owned water utility with 395 service connections (385 flat rate and 10 metered service connections). TSVU's service area is located one and a half miles north of the Homewood community in Placer County. TSVU's water distribution system source supply is from the Grand Avenue well and Saint Michael's well with an estimated combined capacity of 380 gallons per minute (gpm). TSVU's maximum storage capacity is 93,000 gallons (one 50,000 gallon welded steel tank, a 30,000 gallon bolted steel tank, a 12,000 redwood tank, and 1,000 gallon steel pressure tank).

TSVU filed Advice Letter (AL) 24-W on May 23, 2013 requesting a general rate increase for Test Year (TY) 2013. TSVU also filed AL 23-W on May 23, 2013, requesting an interim rate increase in accordance with Commission Resolutions (Res.) W-4950 and W-4658. AL 23-W was approved on August 1, 2013 with an effective date of August 1, 2013, and authorized an interim rate increase of 1.7% based on the Consumer Price Index (CPI), resulting in an increase in annual revenues in the amount of \$3,956. TSVU's interim rate increase is subject to refund or increase, relative to the rates established in this GRC by this resolution.

TSVU's last GRC for TY 2005 was approved by Commission Res. W-4604 which authorized an increase in gross annual revenues in the amount of \$43,539, or 25.7%, over previously authorized revenues. Commission Res. W-4670 on January 10, 2008, authorized \$96,952 in utility plant additions (670 feet of water main improvements and one portable diesel back-up generator) made in 2006 and part of 2007 for inclusion into the company's rate base. This resulted in an increase in gross annual revenues of \$19,604.

TSVU in this GRC is requesting to add to its rate base \$457,919 in utility plant for water system improvements. Appendix E of this resolution provides a breakdown of utility plant added and corresponding costs. A more detailed discussion of TSVU's plant additions is provided in the Utility Plant and Rate Base section of this resolution.

NOTICE AND PROTESTS

In accordance with GO 96-B, TSVU served a copy of the AL to its service list on May 23, 2013, and a customer notice of the proposed rate increase and public meeting was mailed to each customer and to the general service list on August 23, 2013.

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Division of Water and Audits (Division) received five customer protest letters on TSVU's rate increase request expressing concerns regarding: 1) the capacity and adequacy of TSVU's water system for fire protection and the rate of system improvements to bring the system into compliance with fire flow standards for the area; 2) the inclusion of legal expenses associated with company's easement dispute over the lakefront lot on the Tahoe Swiss Village Homeowners Association (TSVHA) beach property;¹ 3) water quality; and 4) the amount of the rate increase and affordability of the water service for fixed income customers.

In response to the concern regarding fire flow, Division notes that TSVU upgraded 3,150 feet (ft.) of undersized water main with 6- and 8-inch water main and added three new hydrants (Appendix E of this resolution provides the list of system improvements). Over the next five years TSVU plans to replace an additional 2,890 ft. of undersized water main with 6- and 8-inch main, install five additional hydrants, and is also considering adding a 500,000 gallon storage tank to the system to continue to improve the fire protection and system reliability. Additional information on TSVU's system improvements is provided in the Utility Plant and Rate Base and Compliance sections of this resolution.

With regard to the inclusion of legal expense associated with the TSVHA's lakefront lot easement dispute in the company's rate case, no legal expenses related to this dispute are included in the recommended rates for TY 2013. TSVU's Tahoe Swiss Village Land Rights (TSVLR) memorandum account is for tracking these expenses and the company can separately seek recovery for these costs, although this Resolution does not express an opinion one way or another on whether recovery is reasonable. Amortization of legal expenses recorded in the TSVLR memorandum account is not part of this rate increase request and therefore is not addressed by this resolution.

With regard to water quality, as discussed in the Compliance section of this resolution, TSVU is in compliance with State Water Resources Control Board's (SWRCB) water quality requirements.

Regarding the percentage amount of TSVU's rate increase request and affordability of the water service for fixed income customers, this resolution is authorizing a 14.08% rate increase which is significantly less than the 36.33% requested by the company. TSVU also has available a rate assistance tariff schedule for low income households,

¹ At issue was the existence and scope of the utility easement over the property owned by TSVHA. On December 6, 2011 the Placer County Superior court ruled that TSVU has the right to the easement in question for its utility operations.

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should the customer require assistance with a water bill and be eligible for this tariff schedule.

On September 13, 2013, Division held a Public Participation Meeting at the Granlibakken Conference Center located in Tahoe City at which time TSVU representatives explained to TSVU's customers the need for its proposed rate increase, and Division staff provided an overview of the Commission's GRC process for Class D water utilities. Ten customers attended the meeting. TSVU's customers were given an opportunity to ask questions of TSVU and Division, and to comment on TSVU's proposed rate increase and service. Customers' questions were mainly related to the company's water main project upgrades and system's fire flow capacity. The company's representatives explained that the reason for the rate increase is for the water main upgrades the company has completed to improve the system's fire flow capacity. The company also explained that bringing the entire system fire flow capacity into compliance with fire code standards requires a substantial investment given the amount of under-sized water main that needs replacement and additional source supply and storage capacity needed.

DISCUSSION

The Division made an independent analysis of TSVU's operations. Appendix A provides TSVU's and Division's estimated Summary of Earnings (SOE) at present and proposed rates for TY 2013. TSVU is in agreement with Division's recommended revenue requirement for TY 2013 shown in Appendix A, and the recommended rates shown in Appendix B. Division recommends that the Commission approve the rate increases and resulting rates included in Appendix B.

Total Operating Revenues

The main difference between TSVU's and Division's estimated operating revenues at present and proposed rates is primarily the difference in the Division's and the company's rate base estimates. TSVU in its rate base calculation² did not account for depreciation reserve on utility plant, which should be subtracted from average plant in service to calculate net plant and rate base. For TY 2013 Division calculated an average depreciation reserve of \$553,424 which was subtracted from average plant to calculate the company's rate base and revenue requirement.

² TSVU's GRC filing only included a rate base estimate, but no utility plant calculation or depreciation reserve.

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Total Operating Expenses

The Division's estimate of TSVU's operating expenses for TY 2013 is based on analysis of the company's operations and expense data from the years 2009 through 2013. For estimating TSVU's office supplies and expenses and office and management salary expenses, Division used the company's last authorized expenses for TY 2005 GRC adjusted for inflation to TY 2013. Division finds TSVU's operating expense estimates for TY 2013 reasonable, except where noted.

TSVU also provides water service to the Glenridge Park Subdivision, through a separate water distribution system with approximately 45 customer service connections.³ Commission Res. W-4484 established a 90/10 percent cost allocation between TSVU and Glenridge Park Subdivision, respectively, for shared expenses in the areas of transportation, employee pension and benefits, office salaries, office services and rentals, office supplies, and general expenses. Accordingly, Division followed the adopted cost allocation percentages in developing the recommended operating expense amounts for TY 2013.

For purchased power, TSVU requests \$12,964 for TY 2013 based on the company's 2011 energy costs. Division recommends \$16,199 for purchased power based on the company's average energy costs over the last three years (2010 through 2013) plus a non-labor escalation factor of 0.50% from the Office of Ratepayer Advocates (ORA) June 2014 escalation rates memorandum (Escalation Memo).⁴

For contract work TSVU requests \$5,612 for TY 2013 based on the company's 2011 contract work expenditures. Division reviewed the amount of contract work the company contracted for water system repairs, maintenance work, and water quality testing over the last five years and recommends \$6,345 for contract work for TY 2013 based on the analysis of contract work expenses over this time period. Division's recommended amount for contract work is higher because TSVU used 2011 contract work expenditures for its TY 2013 contract work estimate and request. Division's recommended amount provides a more reasonable cost estimate for contract work since it accounts for the fluctuation in costs associated with system repairs and maintenance work.

³ The Glenridge Park Subdivision is located about one-fourth of a mile north of Meeks Bay, in El Dorado County.

⁴ June 14, 2014 Office of Ratepayer Advocates memorandum on the estimates of non-labor and wage escalation rates from the May 2014 HIS Global Insight U.S. Economic Outlook.

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For TY 2013 TSVU's requests \$3,600 and \$25,000 for office and management salaries, respectively, based on the amounts authorized in its last GRC for TY 2005. Division recommends \$3,984 and \$29,886 for office and management salaries, respectively, based on the amounts authorized for TY 2005 escalated to TY 2013 using the labor escalation factors provided in ORA's Escalation Memo. Division's recommends an increase in office and management salaries to adjust for the increases in cost-of- living since the TVSU's salaries have remained the same since 2005.

For employee pension and benefits TSVU's requests \$13,450 based on 2011 expenditures. Division recommends \$15,336 for employee pension and benefits based on the company's current costs for medical insurance and retirement contributions which are higher than the amounts the company paid in 2011. For office supplies and expenses TSVU requests \$9,420 based on its 2011 expenses. Division recommends \$6,530 for office supplies and expenses based on the last authorized amount of \$5,198 for TY 2005 escalated to TY 2013 using the non-labor escalation factors provided in ORA's Escalation Memo. Division used the company's last authorized amount for estimating TSVU's office supplies and expenses because TSVU's office supplies and expenses also included non-utility related expenses. Division therefore found the expense amount 2005 escalated to TY 2013 a more reasonable estimate for office supplies and expenses for TY 2013.

For professional services TSVU requests \$12,878 based on its 2011 professional services expenses. Division recommends \$4,172 for professional services for TY 2013 based on the review of the expense data for professional services during 2011 through 2013 for engineering and accounting expenses. The Division's recommended amount is significantly lower because it excludes TSVU's legal expenses for the lakefront easement dispute. As noted earlier TSVU has the TSVLR memorandum account⁵ to record legal expenses for future Commission disposition and therefore these costs are excluded from this rate increase. This Resolution has no bearing on disposition of those expenses in the future.

TSVU's cost estimate of \$4,154 for insurance expenses was based on its 2011 insurance costs. Division's recommends \$4,280 for insurance expenses for TY 2013 based on company's current insurance policy for automobile, business and state compensation insurance costs. Division's recommended amount for insurance costs is higher because TSVU's current insurance costs are higher than the amounts paid in 2011.

⁵ TSVU's TSVLR memorandum account was authorized on January 21, 2009 by Advice Letter No. 17.

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For Regulatory Commission expense TSVU requests \$4,444 for TY 2013. Division recommends \$2,000 based on the quality, completeness, and accuracy of information provided in the company's GRC AL filing by its consultant. Regulatory Commission expenses for Class C and D water utilities are generally amortized in rates over three years primarily to cover the consultants' costs for the preparation of the companies' GRC and other necessary regulatory filings during that period. Class C and D water utilities tend to also make their GRC filings every three years or over longer periods of time. In the case of TSVU its last GRC was in TY 2005 and it made one rate base filing in 2008. At the requested amount of \$4,444, TSVU would obtain \$13,332 over a three-year period which is not supported by the GRC AL filing TSVU made in AL 24-W using the three page standard work papers for class D water utilities provided in Appendix A of the Division's Standard Practice U-9. Division therefore finds that \$2,000, or \$6,000 over a three year period is a more reasonable amount for the company's regulatory expenses and also more comparable with what the Commission has authorized for Class C and D water utilities.⁶

TSVU requests \$2,042 for general expenses based on 2011 expenses. Division recommends \$2,464 based on the company's general expenses during 2011 through 2013, averaged over this time period with a 0.50% non-labor escalation factor added. Division's recommended amount for general expenses provides a reasonable cost estimate for general expenses not included in other expense account because it accounts for annual fluctuations in those expenses.

Utility Plant and Rate Base

Division's analysis of TSVU's rate base estimate for TY 2013 included examining utility plant-in-service since the company's last authorized rate base offset by Res. W-4670 in 2008, utility plant additions, materials and supplies, working cash, and depreciation reserve.

TSVU's water distribution system consists of four consolidated private water systems⁷ and consequently contains different types and sizes of water mains of various ages. In 2006 TSVU developed a fire hydrant and main replacement plan⁸ which the company is following for its system improvements to bring the water system into compliance with

⁶ In Res. W-4985, the Commission authorized \$2,000 in regulatory expenses for Big Basin Water Co., a Class C water utility with 597 service connections.

⁷ Tahoe Pines system built in 1910; St. Michael's Court built in 1970s; Idlewild system built in 1970s; and Tahoe Swiss Village built in 1965.

⁸ October 27, 2006 Fire Hydrant Replacement Plan, prepared by Stephen Twomey, Professional Engineer.

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the North Tahoe Fire Protection District's (NTFPD) fire flow standards.⁹ TSVU's 2006 cost estimate for upgrading the water system is \$3.30 million for the replacement of 26,800 ft. of undersized water mains and installation of an additional 44 new hydrants. This cost estimate does not include the cost of the surface water treatment facility required for the treating the lakefront source supply which is discussed in more detail in the Compliance section of this resolution.

Since 2006 TSVU has replaced 3,921 ft. of undersized water main with 6- and 8-inch mains and plans to replace an additional 2,890 ft. of undersized water mains and add five new hydrants over the next five years. TSVU's system improvement plan prioritizes the portions of the water system that are most deficient in fire protection or have significant water leaks. The next areas targeted for water main upgrades are located in Interlaken Avenue, Grand Avenue, and Lucerne Road.

Based on Division's analysis of TSVU's plant additions the company added \$457,919 in utility plant from 2007 through 2013. The plant additions include: 1) 3,150 ft. of 6- and 8-inch water main upgrades, 2) three new hydrants, 3) a 1,000 gallon pressure tank at the Saint Michael's well house, and 4) two new production meters on the water wells. Appendix E of this resolution provides more information on the plant additions and associated costs.

TSVU's and Division's rate base estimates for TY 2013 are \$982,850 and \$704,707, respectively. The main reason for the difference between the Division's and TSVU's rate base estimates is because the company did not account for the utility plant depreciation reserve in its calculation which Division estimated to be \$553,424. Division's rate base estimate is based on utility plant balance as of December 31, 2012 of \$1,258,130 plus \$189,770 in plant additions for TY 2013 less \$553,424 in accumulated depreciation. However, Division in its review of the company's 2008 through 2013 annual reports, found several discrepancies in the amounts reported for plant additions and the project costs which the company subsequently corrected. Division recommends that the Utility Audit, Finance and Compliance Branch (UAFCB) conduct an audit of the books and records of TSVU's utility plant accounts from 2008 through 2013 to ensure that the company has properly accounted for utility plant during these years. The audit shall be completed by December 31, 2015 and results of the audit shall be filed with the Director of DWA for further action as necessary.

⁹ Current standard is 500 ft. on center (O.C.) spacing between hydrants, 250 ft. distance from any residence to nearest hydrant, and 1,500 gpm flow rate for two hours.

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Division reviewed TSVU's capital improvements and determined that these system improvements are necessary to improve water service, system reliability, and fire protection. TSVU's water main replacement projects are part of the company's plan to bring the system into compliance with the NTFPD's fire flow standards. During the site visit and inspection of the water system, Division staff confirmed completion of the system improvements and that the plant is necessary and useful. Accordingly, Division recommends that TSVU be granted Commission authority to add to its rate base \$457,919 for the capital improvement projects listed in Appendix E of this resolution, subject to the UAFCB's audit of the company's utility plant accounts from 2008 through 2013.

Results of Operations

TSVU's rate increase request was based on a rate of return (ROR) on utility investment of 12.25%. In accordance with Commission ratemaking policies adopted for Class C and D water utilities by Decision (D.) 92-03-09, two methods can be used for ratemaking, the ROR and Rate of Margin (ROM) methods.¹⁰ D. 92-03-09 directs Division to calculate the company's rates and revenue requirement using both of these methods and to recommend the ratemaking method resulting in the greater return.¹¹ In this case Division determined that the ROR method produced the higher revenue requirement and therefore recommends that the ROR method be used for TSVU's TY 2013 GRC.

Division's current recommended range of ROR for Class D water utilities is between 10.80% and 11.80%.¹² Division considers a number of factors in determining the range of the recommended ROR, which include an assessment of the movement in actual and forecasted interest rates over last year's rate, the operational risk faced by Class C and D water utilities, and the authorized rates of returns for Class A utilities in 2013 and 2014. For TSVU's TY 2013 GRC, Division recommends an ROR of 11.30%, the mid-point of the range of Division's recommended ROR, based on the quality of service provided and management of the company's operations. The Commission's Consumer Affairs Branch received no service complaints during 2012 and 2013 and TSVU is actively

¹⁰ The revenue requirement and rates under the ROR method are based on company's rate base and under the ROM method the revenue requirement is based on the company's overall expenses which include operating and maintenance and depreciation expenses, income and other taxes, and an operating margin percentage.

¹¹ D. 92-03-093, Ordering Paragraph 8.

¹² Division's March 21, 2014 memorandum on the recommended rates of return and rates of margin for class C and D water utilities. <http://www.cpuc.ca.gov/NR/rdonlyres/3293EC49-027A-4A5A-84F9-7F0D9C7C97F2/0/2013DWAMemoROR.pdf>

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working to improve the water system's reliability and fire flow capacity. Using an ROR of 11.30% Division estimated a revenue requirement of \$285,900.

Rates and Rate Design

TSVU's rate structure consists of four (4) rate schedules: Schedule No. 1A, Annual General Metered Service; Schedule No. 2A, Annual Residential Flat Rate Service; Schedule No. 4, Private Fire Protection Service; and Schedule No. Lifeline, Rate Assistance for Low Income Customers.

At the recommended ROR the resulting increase in revenue will be \$35,285 or 14.08% for TY 2013. The rates proposed by Division are shown in Appendix B. At the recommended rates for flat rate residential service for TY 2013, the annual bill for a customer with 3/4-inch size service connection will increase from \$579.05 to \$657.83 (or from \$48.25 to \$54.82 per month) a difference of \$81.19 or 14.08%.

TSVU currently has nine metered service customers (one 3/4-inch, seven 1-inch and one 1-1/2-inch metered service customers). Based on Division's review of the TSVU's existing metered service rates and rate design, Division found that the existing rates are not comparable to rates customers on flat rate service are currently paying, and that the recommended meter size ratios¹³ to account for meter capacity have not been fully applied to the existing service charge. Division therefore recommends adjusting the existing metered service charges to make them more comparable to the flat rate residential service and to apply the meter size ratios to the extent possible without creating rate shock. For the 3/4- and 1-inch meter sizes, Division recommends applying a lower meter ratio of 1.4 and 2.0 instead 1.5 and 2.5, respectively to mitigate the magnitude of the rate increase. Division's recommended rate design allocates 50% of metered revenues to the service charge and the remainder to the quantity charge. Division used 2013 total metered usage data of 3,448 Ccf¹⁴ for its quantity rate calculation. At the recommended rates for TY 2013, the annual bill for a customer with 1-inch metered size with an annual average water use of 150 Ccf (112,215 gallons) will increase from \$621.84 to \$988.01 (or from \$51.82 to \$82.33 per month), which is comparable to the 1-inch flat rate annual charge of \$996.64.

A comparison of customer bills at present and recommended rates for TY 2013 are presented in Appendix C of this resolution.

Facilities Fees Tariff Schedule

¹³ The recommended meter size ratios are provided in the Division's Standard Practice U-7-W.

¹⁴ One Ccf equals 748.1 gallons.

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By AL 24-W, TSVU also requested Commission authority to establish tariff Schedule F for facilities fees for new service connections and to set the fee at \$5,000 per connection. Commission Res. W-4110 grants all Class C and D water utilities the authority for establishing tariff Schedule F for facilities fees for new service connections for the purpose of generating funds to build new plant or replace deteriorated plant.¹⁵ Res. W-4110 adopts the following policies for facilities fees: 1) that the fees be set by meter size in proportion to the demand the customer(s) places on the water system, 2) the fees apply to new customers requesting service to premises not previously served and to additional and increased sized connections to presently-served premises, 3) the fees are in addition to charges for any main extension or connection fees required under Rule 15 of the utilities' tariffs, and 4) the fees can only be used by the utility to build new plant or replace deteriorated plant and must be treated as contributed plant for ratemaking purposes.¹⁶

Division finds TSVU's request for authority to establish a tariff Schedule F for facilities fees reasonable and in accordance with Commission Res. W-4110. However, Division recommends a lower amount for the fees than TSVU's proposed fixed amount of \$5,000 per connection, since new customers to the system must also pay for the construction and facilities' costs necessary to connect to the distribution system under TSVU's main extension tariff Rule No. 15.¹⁷ Division recommends that TSVU's facilities fees for 5/8 x 3/4-inch size meter or service connection start at \$2,000 and increase in proportion to the size of the connection as recommended by Res. W-4110, and as shown in Appendix B.

COMPLIANCE

The utility has been filing annual reports as required. While TSVU is in compliance with the SWRCB¹⁸ water quality standards, the SWRCB's September 19, 2013 water system annual inspection report noted system deficiencies related to source supply and storage capacities which are discussed in more detail below.

¹⁵ Res. W-4110 Ordering Paragraph 1.

¹⁶ Res. W-4110 at pg. 2 and Ordering Paragraph 3.

¹⁷ Under main extension Rule 15 new customers not previously connected to the utility's water distribution system pay for any required extensions of distribution mains, from the utility's basic production and transmission system or existing distribution system in order for the utility to provide water service.

¹⁸ Per Health and Safety Code Section 116279, in July of 2014, the Drinking Water Program moved from California Department of Public Health to SWRCB and the functions pertaining to regulating water safety were transferred to the SWRCB.

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Source Supply

The SWRCB's inspection report found that TSVU's water system source supply capacity does not meet the Waterworks Standards under Title 22 Section 64554(a) of the California Code of Regulations (CCR) requiring water systems to have sufficient source capacity to meet the highest reported maximum day demands (MDD) in the past ten years.¹⁹ According to SWRCB's inspection report, TSVU's highest reported MDD in the last ten years is 424 gpm and the company's current combined pumping capacity from the two utility wells measured by SWRCB is 380 gpm. The SWRCB's report raised questions about the accuracy of the company's reported MDD since the company reported identical maximum monthly water usage from 2006 through 2010 and identical water usage from 2005 through 2010. For this reason, SWRCB required TSVU to install new water production meters on the two water wells to get an accurate measure of the maximum day and month demands for the water system.

TSVU shall measure and maintain records on the water produced by each well on daily basis during the summer months (July 1st through August 1st) and at least monthly for the remainder of the year to determine the water system's maximum day and month demands. TSVU shall also comply with SWRCB's inspection report and prepare the required plan and schedule for bringing the source capacity into compliance with Section 64554(a) of the CCRs. The plan should identify feasible options and corresponding cost estimates for the options and should be submitted to Division no later than June 30, 2015.

For water shortage emergencies, TSVU currently has access to water supply from Lake Tahoe intakes at Grimsel Pass Road and Grand Avenue in Tahoe Swiss Village, and from the Madden Creek Water Company's (MCWC) intertie. The adequacy of MCWC's source capacity for supplementing TSVU, however, is questionable since according to SWRCB's inspection report, MCWC can barely meet its own MDD, especially in the summer months. The source supply from the Lake Tahoe intake(s) requires surface water treatment to meet the SWRCB's water drinking standards, and therefore the use of this water supply is restricted by SWRCB. TSVU's cost estimate for the construction of a surface water treatment facility is \$1.90 million²⁰ and is not the least-cost option for

¹⁹ This is the same source supply requirement under the Commission's General Order 103-A, "Rules Governing Water Service, Including Minimum Standards for Operation, Maintenance, Design and Construction," Section II.B.(3).

²⁰ According to TSVU this cost estimate is for the construction of a 320 gpm surface water treatment facility at the Grimsel Pass intake provided in TSVU's application for state grant funding under proposition 50.

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adding capacity to the system, as TVSU can add storage capacity to augment the system's capacity at lower cost as discussed in more detail below.

Storage Capacity

The SWRCB's inspection report also found that TSVU's water system's storage capacity does not meet the Waterworks Standards under Title 22 Section 64554 of the CCR requiring water systems serving less than 1,000 customers to have storage capacity equal to or greater than the MDD or provide sufficient redundant source capacity to meet the MDD. Based on a MDD of 424 gpm, TSVU should have a storage capacity of 610,500 gallons and currently has 93,000 gallons (517,500 gallons deficient), or alternatively the company would need to add an additional 360 gpm of source supply to the system to meet the Waterworks Standards.²¹ In response to this deficiency, TSVU provided three cost estimates for the installation of a 500,000 gallon water storage tank ranging from \$320,000 for a welded steel storage tank to \$840,000 for pre-stressed concrete tank. Based on Division's review of the three storage tank proposals, it finds that the welded storage tank is the most reasonable option based on the cost for an industry standard welded steel storage tank, and provides adequate reliability and durability for TSVU's needs. The pre-stressed concrete storage tank has a longer life, estimated at 100 years, and lower capital and maintenance costs over the life of the tank; however the cost difference between these two types of storage tanks is significant and is utility capital that can be spent to make additional system improvements.

Division staff therefore recommends that TSVU add to its five-year system improvement plan the addition of the 500,000 gallon welded steel storage tank to its water system to increase the system's capacity and improve system reliability and fire protection. The added storage capacity also provides a more reliable supply during water shortage emergencies rather than the existing reliance on the Lake Tahoe intake(s) and/or the MCWC intertie. For these reasons, Division recommends that TSVU add the 500,000 gallon storage tank to its system improvement plan during the next five years.

Compliance with Resolution W-4604

Division reviewed and verified TSVU's compliance with Commission's Res. W-4604, Ordering Paragraphs (OPs) 4, 5, 6, and 7 as follows:

²¹ September 19, 2013 SWRCB's annual inspection report at pg. 4.

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1. In 2008 TSVU completed the electric upgrade of the Tahoe Swiss booster pump station required by OP 4 of Res. W-4604;
2. In 2006 TSVU purchased a diesel portable generator for emergency back-up generation for its water wells ordered by OP 5 of Res. W-4604. The cost of the portable generator in the amount of \$23,226 was included in the company's rate base off-set authorized by Res. W-4670.
3. On October 30, 2006, TSVU complied with OP 6 of Res. W-4604 and submitted to the Division the company's water main replacement plan as part of its Fire Hydrant Replacement Plan.
4. On July 9, 2007, TSVU complied with OP 7 of Res. W-4604 and submitted to Division the company's meter feasibility study which provided a cost estimate of \$650,000 for the installation of 353 metered service connections.

Utility Safety

Safety for water utilities considers a number of factors such as water quality, system design, operation and maintenance, and service, including adequate source supply and capacity to meet maximum day demands and for public fire protection. The Commission's General Order 103-A provides the rules for water service, minimum standards for operation, maintenance, design and construction for the regulated water utilities. One of the highest safety priorities for the Commission however is ensuring that water utilities serving water for human consumption provide water that is not harmful or dangerous to health. As noted in the Compliance section of this resolution, TSVU is in compliance with SWRCB's water quality standards for safe drinking water.

Regarding TSVU's water system's deficiency in source and capacity supply and infrastructure to meet the NTFPD's fire flow standards a significant investment is required to bring the system into compliance. TSVU is financially incapable of providing such investment immediately, as the estimated cost is \$3.30 million and TSVU generates about \$80,000 in net revenues annually. In addition, even if TSVU desired to add significant additional debt for this investment, which would be paid by its limited number of customers, it is not clear that the company could acquire the debt. Therefore staff has balanced this additional need against the financial ability of the utility and the necessity to maintain reasonable rates.

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As previously discussed from 2007 through 2013 TSVU made \$457,919 in capital improvements and over the next five years is planning on upgrading an additional 2,890 ft. of undersized water mains and adding five new fire hydrants to the system. In the September 18, 2013 letter from NTFPD's Fire Marshall provided to the Division the NTFPD indicates its support of TSVU's system improvements and business plan for future upgrades to the water system. In addition, Division is recommending that the company incorporate the addition of the 500,000 gallon storage tank to TSVU's five year system improvement plan to increase the system's storage capacity, reliability and fire flow.

This resolution also requires TSVU to submit to Division by June 30, 2015, a plan and schedule to bring the water system's source supply into compliance with the required Waterworks Standards, including cost estimates of the options considered. Division therefore finds that TSVU is taking the necessary steps to improve the system's reliability and fire flow capacity. Division will continue to monitor the progress the company makes in bringing its water system into compliance with the required fire flow standards for the area.

COMMENTS

Public Utilities Code section 311(g)(1) requires that a proposed resolution be served on all parties, and be subject to a public review and comment period of 30 days or more, prior to a vote of the Commission on the resolution.

Accordingly, this proposed resolution was mailed to the utility and its service list, and made available for public comment on December 12, 2014.

FINDINGS

1. Tahoe Swiss Village Water Company (TSVU) filed its GRC on May 23, 2013, by AL 24-W, with a TY of 2013 in accordance with GO 96-B and D. 92-03-093.
2. By AL 24-W, TSVU requested an increase in gross water revenues in the amount of \$84,973 or 36.33% for TY 2013 based on a rate of return (ROR) of 12.24%.
3. TSVU's AL 24-W was served in accordance with GO 96-B on May 23, 2013. On August 23, 2013, a notice of the proposed rate increase was mailed to each customer and the general service list.

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4. By AL 23-W, filed on May 23, 2013, TSVU requested an interim rate increase in accordance with Commission Resolutions W-4950 and W-4658.
5. AL 23-W was approved on August 1, 2013 and authorized an interim rate increase of 1.7% at the Consumer Price Index, which resulted in an increase in annual revenues in the amount of \$3,956.
6. In reviewing TSVU's rate increase request, Division of Water and Audits (Division) made an independent analysis of TSVU's utility operations and associated expenses.
7. Division's estimate of TSVU's operating expenses for TY 2013 is based on the Division's analysis of the company's operations and expense data from the years 2009 through 2013 and the Commission's authorized expenses for TY 2005 in Res. W-4604.
8. Based on Division's evaluation of TSVU's operating expenses, Division finds TSVU's operating expense estimates for TY 2013 reasonable, except where noted.
9. Division's rate base estimate for TY 2013 is \$704,707 based on its analysis of TSVU's utility plant-in-service since the company's last rate base offset authorized by Res. W-4670, utility plant additions, materials and supplies, working cash, and depreciation reserve.
10. By AL 24-W TSVU requested Commission authority to add \$457,919 in utility plant to its rate base for the system improvements made during 2007 through 2013.
11. Division finds TSVU's capital improvement projects listed in Appendix E of this resolution in the amount of \$457,919 necessary to improve water service, system reliability and fire protection and recommends they be authorized for inclusion into the company's rate base, subject to audit by Utility Audit, Finance and Compliance Branch.
12. TSVU's water distribution system's storage capacity and source supply do not meet the current Waterworks Standards under Title 22 Section 64554 of the California Code of Regulations.
13. TSVU provided three cost estimates for the installation of a 500,000 gallon water storage tank ranging from \$320,000 for a welded steel storage tank to \$840,000 for pre-stressed concrete tank.

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14. Division finds the 500,000 gallon welded steel storage tank is the most reasonable option based on the cost for an industry standard welded steel storage tank.
15. Division finds TSVU's five year system improvement reasonable for a company the size of TSVU with limited capital, but recommends the addition of the 500,000 gallon storage tank to the company's plan to increase the system's storage capacity, reliability and fire flow.
16. TSVU shall prepare a plan and schedule to bring the water system's source capacity into compliance with the Waterworks Standards. The plans should identify feasible options and a cost estimate for each option and should be submitted to Division no later than June 30, 2015.
17. TSVU shall maintain records on the water produced by each well on daily basis during the summer months (July 1st through August 1st) and at least monthly for the remainder of the year to determine the water system's maximum day and month demands.
18. Division finds TSVU's request to establish Schedule F for facilities fees for new service connections reasonable, with modification to a lower amount as indicated in this Resolution, and in accordance with the authority granted by Commission Res. W-4110 for establishing tariff Schedule F for facilities fees for Class C and D water utilities.
19. Commission Res. W-4110 establishes that facilities fees can only be used to build new plant or replace deteriorated plant and must be treated as contributed plant for ratemaking purposes.
20. Division recommends that TSVU's facilities fees for 5/8 x 3/4-inch meter or service connection start at \$2,000 (instead of the requested \$5,000) and increase in proportion to size of the service or meter connection as recommended by Res. W-4110.
21. Division's recommended facilities fees under tariff Schedule F are provided in Appendix B of this resolution and should be adopted.
22. Division finds that TSVU has complied with the Commission Res. W- 4604 Ordering Paragraphs 4, 5, 6, and 7.

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23. Division's current recommended range of ROR for Class D water utilities is between 10.80% and 11.80%.
24. For TSVU's TY 2013 GRC, Division recommends an ROR of 11.30% the mid-point of the range of Division's recommended ROR.
25. Using a ROR of 11.30% the estimated a revenue requirement is \$285,900.
26. At the recommended ROR the resulting increase in revenue is \$35,285 or 14.08% for TY 2013.
27. Division's recommended Summary of Earnings (Appendix A) is reasonable and should be adopted.
28. The rates recommended by the Division (Appendix B) are reasonable and should be adopted.
29. The quantities (Appendix D) used to develop Division's recommendations are reasonable and should be adopted.
30. TSVU is in compliance with the SWRCB's water quality standards.
31. Safety for water utilities considers a number of factors such as water quality, system design, operation and maintenance, and service, including adequate supply and capacity to meet the maximum day demands and for public fire protection.
32. The Commission's General Order 103-A provides the rules governing water service, including minimum standards for operation, maintenance, design and construction.
33. A significant investment in infrastructure is required for TSVU to bring its water system into compliance with NTFPD's fire flow requirements.
34. TSVU is financially incapable of making such investment immediately, as the estimated cost is \$3.30 million and TSVU generates about \$80,000 in net revenues annually.
35. The NTFPD's supports TSVU's system improvements and business plan for future upgrades to the water system.
36. Division staff's evaluation of TVSU's system improvements and planned future improvements to bring the water system into compliance with the NTFPD's fire

PROPOSED RESOLUTION

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flow requirement balanced the need against the financial ability of the utility and the necessity to maintain reasonable rates.

37. After the rates approved by this Resolution become effective, TSVU should be allowed to file a Tier 2 AL within 30 days to collect the under-collected revenues from August 1, 2013, the interim rate date, to the effective date of the new rates. This AL should become effective upon approval by the Division.

THEREFORE, IT IS ORDERED THAT:

1. Authority is granted under Public Utilities Code Section 454 for Tahoe Swiss Village Utility, Inc. to file a supplemental Advice Letter with the revised rate schedules attached to this Resolution as Appendix B, and concurrently cancel its presently effective rate Schedules: Schedule No. 1A, Annual General Metered Service; Schedule No. 2A, Annual Residential Flat Rate Service; Schedule No. 4, Private Fire Protection Service; and Schedule No. Lifeline, Rate Assistance for Low Income Customers. The effective date of the revised schedules shall be five days after the date of filing.
2. Tahoe Swiss Village Utility, Inc. is authorized to file a Tier 2 Advice Letter within 30 days from the effective date of the authorized rates to collect the under-collected revenues from August 1, 2013, the interim rate date, to the effective date of the new rates established by this Resolution. This Advice Letter shall become effective upon approval by the Division of Water and Audits.
3. Authority is granted to Tahoe Swiss Village Utility, Inc. to add \$457,919 in utility plant to its rate base for the capital improvement projects included in Appendix E of this Resolution subject to audit by the Utility Audit, Finance and Compliance Branch.
4. The Utility Audit, Finance and Compliance Branch shall conduct an audit of the books and records of Tahoe Swiss Village Utility, Inc.'s utility plant accounts from 2008 through 2013 to ensure that the company has properly accounted for utility plant during these years. The audit shall be completed by December 31, 2015 and results of the audit shall be filed with the Director of DWA for further action as necessary.

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5. Tahoe Swiss Village Utility, Inc. shall prepare a plan and schedule to bring its water system's source supply capacity in compliance with the Waterworks Standards under Title 22 Section 64554(a) of the California Code of Regulations. The plan shall identify feasible options and include the cost estimates for each option and shall be submitted to the Division of Water and Audits no later than June 30, 2015.
6. The quantities found in Appendix D used to develop the Division of Water and Audits' recommendations are adopted.
7. Tahoe Swiss Village Utility, Inc.'s tariff Schedule F, for facilities fees in Appendix B is approved.

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on January 15, 2015; the following Commissioners voting favorably thereon:

PAUL CLANON
Executive Director

PROPOSED RESOLUTION

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APPENDIX A Tahoe Swiss Village Utility Summary of Earnings Test Year 2013

		TSVU		DWA		DWA
		Present Rates	Requested Rates	Present Rates	Requested Rates	Recommended Rates
Operating Revenues						
	Metered	\$ 4,303	\$ 5,852	\$ 10,002	\$ 13,622	\$ 15,580
	Flat	\$ 227,377	\$ 309,233	\$ 237,403	\$ 323,769	\$ 266,325
	Fire Protection	\$ 2,189	\$ 2,977	\$ 3,210	\$ 4,377	\$ 3,995
Total Revenue		\$ 233,869	\$ 318,843	\$ 250,615	\$ 341,768	\$ 285,900
Operating Expenses						
610	Purchased Water	\$ -	\$ -	\$ -	\$ -	\$ -
615	Purchased Power	\$ 12,964	\$ 12,964	\$ 16,199	\$ 16,199	\$ 16,199
618	Other Volume Related Expenses	\$ 921	\$ 921	\$ 845	\$ 845	\$ 845
630	Employee Labor	\$ 8,749	\$ 8,749	\$ 8,730	\$ 8,730	\$ 8,730
640	Materials	\$ 7,555	\$ 7,555	\$ 7,555	\$ 7,555	\$ 7,555
650	Contract Work	\$ 5,612	\$ 5,612	\$ 6,345	\$ 6,345	\$ 6,345
660	Transportation Expenses	\$ 7,849	\$ 7,849	\$ 7,776	\$ 7,776	\$ 7,776
664	Other Plant Maintenance	\$ 1,315	\$ 1,315	\$ 1,366	\$ 1,366	\$ 1,366
670	Office Salaries	\$ 3,000	\$ 3,000	\$ 3,984	\$ 3,984	\$ 3,984
671	Management Salaries	\$ 25,000	\$ 25,000	\$ 29,886	\$ 29,886	\$ 29,886
674	Employee Pensions and Benefits	\$ 13,450	\$ 13,450	\$ 15,336	\$ 15,336	\$ 15,336
676	Uncollectable Accounts	\$ -	\$ -	\$ 200	\$ 200	\$ 200
678	Office Services and Rentals	\$ 4,320	\$ 4,320	\$ 4,342	\$ 4,342	\$ 4,342
681	Office Supplies and Expenses	\$ 9,420	\$ 9,420	\$ 6,530	\$ 6,530	\$ 6,530
682	Professional Services	\$ 12,878	\$ 12,878	\$ 4,172	\$ 4,172	\$ 4,172
684	Insurance	\$ 4,154	\$ 4,154	\$ 4,280	\$ 4,280	\$ 4,280
688	Regulatory Commission Expense	\$ 4,444	\$ 4,444	\$ 2,000	\$ 2,000	\$ 2,000
689	General Expenses	\$ 2,042	\$ 2,042	\$ 2,439	\$ 2,439	\$ 2,439
Subtotal		\$ 123,673	\$ 123,673	\$ 121,985	\$ 121,985	\$ 121,985
403	Depreciation	\$ 29,655	\$ 29,655	\$ 36,107	\$ 36,107	\$ 36,107
408	Taxes Other Than Income	\$ 7,431	\$ 7,431	\$ 8,922	\$ 8,922	\$ 8,922
409	State Income Taxes	\$ 800	\$ 800	\$ 7,390	\$ 15,448	\$ 10,510
410	Federal Income Taxes		\$ 37,000	\$ 23,932	\$ 61,775	\$ 28,756
Total Deductions		\$ 37,886	\$ 74,886	\$ 76,351	\$ 122,252	\$ 84,295
Net Revenue		\$ 72,310	\$ 120,284	\$ 52,279	\$ 97,530	\$ 79,620
Rate Base						
	Average Plant			\$ 1,258,130	\$ 1,258,130	\$ 1,258,130
	Average Dep. Reserve			\$ 553,424	\$ 553,424	\$ 553,424
Net Plant		\$ -	\$ -	\$ 704,707	\$ 704,707	\$ 704,707
Less:	Advances					
	Contributions in Aid of Construction					
	Deferred Income Tax					
Plus:	Construction Work in Progress					
	Working Cash					
	Materials and Supplies					
Rate Base		\$ 982,850	\$ 982,850	\$ 704,707	\$ 704,707	\$ 704,707
Rate of Return		7.36%	12.24%	7.42%	13.84%	11.30%

END OF APPENDIX A

PROPOSED RESOLUTION

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APPENDIX B
TAHOE SWISS VILLAGE UTILITY
(Page 1 of 7)
SCHEDULE NO. 1A
ANNUAL GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service furnished on an annual basis.

TERRITORY

An area 1-1/2 miles north of Homewood, Placer County

RATES

Quantity Rate:

All water, per 100 cu. ft.....\$ 2.26 (I)

Service Charges:

Per Meter Per Year

For 5/8 x 3/4 inch meter.....	\$ 324.58	(I)
For 3/4 inch meter.....	\$ 454.41	
For 1 inch meter.....	\$ 649.16	
For 1½ inch meter.....	\$ 1,622.90	
For 2 inch meter.....	\$ 2,596.60	
For 3 inch meter.....	\$ 4,868.70	(I)

For each additional single-family

Residential unit on the same premises

And served from the same service

Connection \$253.62 (I)

The Service Charges are a readiness-to-serve charges which are applicable to all metered services and to which are added the charge for water used computed at quantity rate.

PROPOSED RESOLUTION

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APPENDIX B
TAHOE SWISS VILLAGE UTILITY
(Page 2 of 7)
SCHEDULE NO. 1A
ANNUAL GENERAL METERED SERVICE

SPECIAL CONDITIONS

1. The annual service charge applies to service during the 12-month period commencing January 1 and is due in advance. If a resident of the area has been a customer of the utility for at least 12 months, he may elect, at the beginning of the calendar year, to pay prorated service charges on a semiannual basis in advance of January 1 and July 1.
2. The established billing cycle for water is monthly. The billing cycle may be at longer intervals during winter season.
3. The opening bill for metered service, except upon conversion from flat rate service shall be the established annual service charge for the service. Where initial service is established after the first day of any year, the portion of such annual charge applicable to the current year shall be determined by multiplying the annual charge by one three-hundred-sixty-fifth ($1/365$) of the number of days remaining in the year. The balance of the payment of the succeeding annual period. If the service is not continued for at least one year after the date of initial service, no refund of the initial annual charges shall be due the customer.
4. A surcharge of \$0.67 recurring every 6 months shall be collected from each customers not in the Lifeline Tariff Schedule in order to fund this program. (I)
(C)
5. All bills are subject to the reimbursement fee set forth on Schedule No. UF.

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APPENDIX B
TAHOE SWISS VILLAGE UTILITY
(Page 3 of 7)
SCHEDULE NO. 2A

ANNUAL RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all flat rate residential water service furnished on an annual basis.

TERRITORY

An area 1-1/2 miles north of Homewood, Placer County.

Rates

Per Service Connection
Per Year

For a single-family residential unit,
including premises

Served through a 3/4-inch service.....	\$ 657.83	(I)
1-inch service.....	996.64	
1-1/2-inch service.....	2,190.57	
2-inch service.....	3,506.23	(I)

For each additional single-family
residential unit on the same premises
and served from the same service

connection..... \$ 460.81 (I)

For each swimming pool..... \$ 225.77 (I)

SPECIAL CONDITIONS

1. For service covered by the above classifications, if the utility so elects, a meter shall be installed and service provided under Schedule No. 1A, Annual General Metered Service, effective as of the first day of the following calendar month. Where the flat rate charge for a period has been paid in advance, refund of the prorated difference between such flat rate payment and the service charge for the same period shall be made on or before that day.

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APPENDIX B
TAHOE SWISS VILLAGE UTILITY
(Page 4 of 7)
SCHEDULE NO. 2A
ANNUAL RESIDENTIAL FLAT RATE SERVICE
(continued)

SPECIAL CONDITIONS

2. The annual flat rate charge applies to service during the 12-month period commencing January 1 and is due in advance. If a resident of the area has been a customer of the utility for at least 12 months, he may elect, at the beginning of the calendar year, to pay prorated service charges on a semiannual basis in advance of January 1 and July 1. Where such a resident has failed to pay the first half of the annual charge due January 1, service will not be restored until the total annual charge has been paid.
3. The opening bill for flat rate service shall be the established annual flat rate charge for service. Where initial service is established after the first day of any year, the portion of such annual charge applicable to the current year shall be determined by multiplying the annual charge by one three-hundred-sixty-fifth ($1/365$) of the number of days remaining in the year. The balance of the payment of the initial annual charge shall be credited against the charges for the succeeding annual period. If service is not continued for at least one year after the date of initial service, no refund of the initial annual charges shall be due the customer.
4. A surcharge of \$1.34 recurring every 12 months shall be collected from each (I) customers not in the Lifeline Tariff Schedule in order to fund this program. (C)
5. All bills are subject to the reimbursement fee set forth on Schedule No. UF.

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APPENDIX B
TAHOE SWISS VILLAGE UTILITY
(Page 5 of 7)
SCHEDULE NO. 4
PRIVATE FIRE PROTECTION SERVICE

APPLICABILITY

Applicable to water service furnished for private fire systems and to private fire hydrants.

TERRITORY

An area 1-1/2 miles north of Homewood, Placer County.

RATES

	Per Service Connection
	<u>Per Year</u>
For each inch of diameter of service connections.....	\$ 13.87 (I)

SPECIAL CONDITIONS

1. The facilities for service connection to a privately-owned fire protection system will be installed by the utility or under the utility's direction and the cost paid by the applicant. Such cost will not be subject to refund. The facilities paid for will be the sole property of the applicant.
2. The minimum diameter for the private service connection will be 4 inches. The maximum diameter will not be larger than the diameter of the water main to which the service is connected.
3. If a main of adequate size to serve a private fire protection system in addition to all other normal service does not exist adjacent to the premises to be served, then a new main from the nearest existing main of adequate capacity will be installed by the utility and the cost paid by the applicant. Such cost will not be subject to refund. The main where located in the public right-of-way or utility easement will be the sole property of the utility.

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APPENDIX B
TAHOE SWISS VILLAGE UTILITY
(Page 6 of 7)
SCHEDULE No. LIFELINE
RATE ASSISTANCE FOR LOW INCOME CUSTOMERS

APPLICABILITY

Applicable to all low-income households: A Low-Income Household is a household where the total gross annual income from all sources is no more than shown on the table below based on the number of persons in the household. Total gross income shall include income from all sources, both taxable and nontaxable.

(Effective June 1, 2013)	
Number of Persons in Household	Total Gross Annual Income
1	\$22,980
2	\$31,020
3	\$39,060
4	\$47,100
5	\$55,140
6	\$63,180
7	\$71,220
8	\$79,260
Each Additional Person	\$8,040

TERRITORY

An area 1-1/2 miles north of Homewood, Placer County.

RATES

Qualifying customers will pay a flat rate of \$483.47 per year. (I)

SPECIAL CONDITIONS

1. Application and Eligibility Declaration: Customers are only eligible to receive service under this rate schedule at one residential location at any one time, and the rate applies only to the customer's permanent primary residence. A customer may present documentation showing approval into their energy provider's California Alternate Rate for Energy Program ("CARE") provide verification of their household income. Renewal of a customer's eligibility declaration will be required every two years and may be required on an annual basis.

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APPENDIX B
TAHOE SWISS VILLAGE UTILITY
(Page 7 of 7)
SCHEDULE F
FACILITIES FEES

APPLICABILITY

(N)

Applicable to all customers applying for service from the Tahoe Swiss Village Utility for premises not previously connected to its distribution mains and for additional service connections to existing premises, and increases in size of service connections to existing premises.

TERRITORY

An area 1-1/2 miles north of Homewood, Placer County.

RATES

Fee for each Service Connection by Size of Meter or Service Connection:

For 5/8 x 3/4-inch	\$2,000
For 3/4-inch	\$3,000
For 1-inch	\$5,000
For 1 1/2-inch	\$10,000
For 2-inch	\$16,000
For 3-inch	\$30,000
For 4-inch	\$50,000
For 6-inch	\$100,000

SPECIAL CONDITIONS

1. Facility fees are payable in addition to and do not limit any charges for extensions of mains that may be applicable under Rule 15, Main Extensions.
2. These fees are not subject to the Public Utility Commission Reimbursement Fee surcharge in Schedule UF.
3. These fees shall be used only for the repair and replacement or the installation of new infrastructure.
4. These fees shall be deposited in a separate trustee account and used only upon permission of the Division of Water and Audits or its successor.

(N)

END OF APPENDIX B

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APPENDIX C TAHOE SWISS VILLAGE UTILITY Bill Comparison

<u>Residential Flat Rate Service</u>				
<u>Per Service Connection Per Year</u>				
		Present	Recommended	Percent
		<u>Rates</u>	<u>Rates</u>	<u>Increase</u>
<u>Per Service Connection</u>				
	3/4"	\$ 576.64	\$ 657.83	14.08%
	1"	\$ 873.64	\$ 996.64	14.08%
	1-1/2"	\$ 1,920.22	\$ 2,190.57	14.08%
	2"	\$ 3,073.50	\$ 3,506.23	14.08%

<u>Metered Service</u>					
			Present	Recommended	Percent
			<u>Rates</u>	<u>Rates</u>	<u>Increase</u>
<u>Per Meter Size:</u>					
	3/4"	\$	368.34	\$ 454.41	23.37%
	1"	\$	515.68	\$ 649.16	25.88%
	1-1/2"	\$	1,227.79	\$ 1,622.90	32.18%
	2"	\$	1,964.46	\$ 2,596.64	32.18%
<u>Quantity Charge:</u>					
	All water usage, per CCF	\$	1.69	\$2.26	33.67%
<u>An estimated Annual Bill comparison for a customer with a 1-inch meter</u>					
	Usage	Present	Recommended	Amount	Percent
	per 100 cubic feet (Ccf)	<u>Rates</u>	<u>Rates</u>	<u>Increase</u>	<u>Increase</u>
	0	\$ 515.68	\$ 649.16	\$ 133.48	25.88%
	100	\$ 537.34	\$ 875.06	\$ 337.72	62.85%
Average	150	\$ 621.84	\$ 988.01	\$ 366.17	58.88%
	200	\$ 706.34	\$ 1,100.96	\$ 394.62	55.87%
	250	\$ 790.84	\$ 1,213.91	\$ 423.07	53.50%

END OF APPENDIX C

PROPOSED RESOLUTION

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APPENDIX D TAHOE SWISS VILLAGE UTILITY

ADOPTED QUANTITIES

Test Year 2013

1. Purchased Power	\$16,199
2. Payroll	
Employee Labor	\$8,730
Office Salaries	\$3,984
Management Salaries	\$29,886
3. Payroll taxes	\$3,342
4. Property Taxes	\$5,580

Flat Rate Service Connections

3/4 -inch	351
1 -inch	18
1 1/2 -inch	4
2 -inch	<u>2</u>
Total	385

Metered Service Connections

1
7
1
<u>1</u>
9

Tax Calculations

	<u>T Y 2013</u>
Operating Revenues	\$285,900
Operating Expenses	\$121,985
Depreciation	\$36,107
Taxes Other than Income	\$8,922
Taxable Income for State	\$118,886
State Taxes	\$10,510
Taxable Income for Federal	\$108,376
Federal Taxes	\$28,756

END OF APPENDIX D

PROPOSED RESOLUTION

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APPENDIX E

Tahoe Swiss Village Utility Plant Additions			
Project Description		Cost	Year Completed
1	New pumpmotor at Grand Well	\$ 14,558	2007
2	360 feet of 6-inch water main east & west end Grand Ave.		
2007 plant additions		\$ 14,558	
3	Interlaken 340 feet of 6-inch water main upgrade	\$ 84,558	2008
4	electrical upgrades for pumping equipment at TS Booster & Grand well. Water treatment chlorinator at Grand well		
5	215 feet of 6-inch water main upgrade at west-end Grand Ave. plus bollard for hydrant		
6	215 feet of 6-inch water main upgrade for Simplon Pass at Cherry plus one hydrant		
2008 plant additions		\$ 84,558	
7	670 feet of 6-inch water main upgrade at Rubicon and Cherry St and one hydrant at Cherry St	\$ 91,910	2009
2009 plant additions		\$ 91,910	
8	200 feet of 6-inch water main upgrade at upper Cherry St.	\$ 68,662	2011
9	500 feet of 6-inch water main 3 streets, T. Pines Erosion project		
2011 plant additions		\$ 68,662	
10	1000 gallon pressure tank at Saint Michael's well house	\$ 8,461	2012
2012 plant additions		\$ 8,461	
11	Grand Ave. & Highway 89: 630 feet of 8-inch water main upgrade & 20 feet of 6-inch main	\$ 189,770	Test Year 2013
12	two well production meters for Saint Michael & Grand Ave. wells		
13	Hydrants, 1 new hydrant & 1 reconnect to 8-inch water main		
14	Services reconnect to 8-inch water main 1 with private fire line		
15	pumping equipment St. Michaels well		
2013 plant additions		\$ 189,770	
Total plant additions		\$ 457,919	

END OF APPENDIX E

CERTIFICATE OF SERVICE

I certify that I have by either electronic mail or postal mail, this day, served a true copy of Proposed Resolution No. W- 5015 on all parties in these filings or their attorneys as shown on the attached lists.

Dated December 12, 2014 at San Francisco, California.

/s/DANIEL SONG

Daniel Song

Parties should notify the Division of Water and Audits, Fourth Floor, California Public Utilities Commission, 505 Van Ness Avenue, San Francisco, CA 94102, of any change of address to ensure that they continue to receive documents. You must indicate the Resolution number on which your name appears.

**TAHOE SWISS VILLAGE WATER UTILITY
ADVICE LETTER 24-W
SERVICE LIST**

Tahoe Swiss Village Utility
Post Office Box 102
Homewood, CA 96141
glazerwest@att.net

Tahoe Park Water Company
P.O. Box 5627
Tahoe City, CA 96145

Tahoe City Public Utility District
P.O. Box 5309
Tahoe City, CA 96145

Mr. and Mrs. Pierce
P.O. Box 213
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